

Message Text

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ORIGIN EB-11

INFO OCT-01 ARA-16 ADP-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 SS-15 NSC-10 L-03 H-03

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CAB - MISS KOHNSTAMM

ARA/MEX - MR. HAMILTON

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R 172143Z AUG 73

FM SECSTATE WASHDC

TO AMEMBASSY MEXICO

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TAGS:ETRN,MX

SUBJECT:CIVAIR: AMERICAN CAPACITY INCREASE

1. AMERICAN AIRLINES PROPOSES EFFECTIVE OCT. 29, 1973, TO INTRODUCE B-747 INTO SERVICE BETWEEN CHICAGO-MEXICO CITY, IN LIEU OF THE 707, AND TO EXTEND THE 747 ON TO ACAPULCO IN LIEU OF THE DC-10 FLIGHT WHICH WILL THEN TURN AROUND IN MEXICO CITY. NO INCREASE FREQUENCY WILL BE OPERATED.

2. TRAFFIC ON THE CHICAGO-MEXICO CITY,ACAPULCO SEGMENT OF US ROUTE C INCREASED LAST WINTER MORE THAN 25, AND LOAD FACTORS AVERAGED 69 PERCENT BETWEEN CHICAGO AND MEXICO CITY BETWEEN DECEMBER 1972 AND APRIL 1973. MEXICANA'S LOAD FACTORS IN THE SAME PERIOD WERE 67.5 PER CENT AND ITS RATE OF TRAFFIC GROWTH WAS 20.3.

3. MARKET GROWTH IS APPARENTLY BEING GREATLY STIMULATED

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BY THE RELATIVE ATTRACTIVENESS OF MEXICO AS COMPARED TO

HIGHER COST EUROPEAN DESTINATIONS. FOR EXAMPLE, AMERICAN REPORTS THAT WHILE ITS CHICAGO-MEXICO CITY/ACAPULCO TRAFFIC GREW ONLY 1.5 BETWEEN THE SECOND QUARTER OF 1971 AND THE SECOND QUARTER OF 1972, A 54.9 GROWTH RATE OCCURRED BETWEEN THE SAME PERIODS IN 1972 AND 1973.

4. NO INCREASE CAPACITY ABOVE LEVEL OPERATED LAST WINTER IS PLANNED ON THE DALLAS-ACAPULCO SECTOR.

5. ON THE DALLAS-MEXICO CITY NON-STOP SERVICE A DC-10 WILL BE SUBSTITUTED FOR ONE OF THE TWO 707'S NOW BEING OPERATED. LOAD FACTORS IN JUNE 1973 ON THIS SEGMENT AVERAGED 59 AND THE GROWTH TREND IN THIS MARKET IS ACCELERATING. BETWEEN THE SECOND QUARTER OF 1971 AND 1972 AMERICAN'S TRAFFIC ON THIS SECTOR GREW 6.8 PERCENT, BUT BETWEEN THE SECOND QUARTER OF 1972 AND THE SECOND QUARTER OF 1973 IT WAS 92.9 PERCENT GREATER.

6. USG HAS PRE-SCREENED PROPOSED INCREASES AND IS OF OPINION THEY ARE CONSISTENT WITH ARTICLES 8,9, AND 10 OF AGREEMENT. EMBASSY REQUESTED NOTIFY FONOFF AT THIS TIME IN ACCORDANCE WITH PROCEDURES PARA 2 OF JULY 31, 1970 EXCHANGE OF LETTERS BETWEEN AMB AND SECRETARY OF COMMUNICATIONS AND TRANSPORT.

7. COORDINATE AS USUAL WITH AMERICAN'S REP SO HE CAN SUBMIT REVISED SCHEDULES DGAC IMMEDIATELY THEREAFTER. ROGERS

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